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A CO-RELATIONAL ANALYSIS OF PERSONAL VALUES AND CORPORATE STRATEGY

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ABSTRACT

Company executives hold personal values which guide them in decision-making at individual and organizational level. These values, when heterogeneous, impact on the organisation's ability to adopt (easily) a consensus strategic orientation. Previous studies have focused on Nigerian banks, while the linkage of strategy to performance was mainly reviewed from qualitative perception of respondents as well as through secondary data. None of the reviewed studies focused on the conflict that results from divergent strategic choices due to differences in personal values, neither was there a robust theoretical framework to provide perspectives on the different dimensions of the interrelationship of the three constructs. This paper adopts a review of literature to identify: empirical findings on the relationship between personal values, strategy orientation, and performance in Nigerian organisations; possible conflicts and mechanism for resolving the conflict; the role of the CEO as the head of top management team (TMT), in understanding how organisations arrive at a corporate strategy; and additional theories to explain the interconnectedness between personal values, strategic orientation, and performance.This study propositions that organisations that emphasise balanced values, and spend significant time creating alignment will develop values needed to support the key strategic goals and vision of the organization. Differences in values (owner and workers) are much more visible and have more negative impact in SMEs than in bigger organization; while strategic orientation impacts on performance, but has to be a result of the alignment of internal factors (such as processes, CEO's role, structures) and external factors (environment).

KEYWORDS: Bounded Rationality, Corporate Strategy, Orientation, Performance, Personal Values

INTRODUCTION

Corporate Strategies define the direction of an organization, and an effective execution leads the path to a successful performance. Arriving at the Corporate Strategy for the organization however is not always straight forward. A Consulting firm for instance, was planning its future strategies, and came up with three alternatives: to rapidly grow its sales turnover by doing business with the Nigerian government (perceived to be bureaucratic and corrupt); to maintain its steady growth by developing new service lines (excluding government business); to achieve slower growth rate by doing more for the community. Each of the executive was strongly opinionated about the proffered alternative. This everyday reality throws up several questions: What factor(s) influenced each executive in the choice of the suggested alternative? How does the organization carefully navigate the opposing views in arriving at a course of action? How does the organization get the personal commitment of all the executive members to the adopted strategy? How will the adopted strategy affect the performance of the organization?

When organisations are faced with strategic decision making, each executive comes to the table with their feelings about: the goal or problem; what alternatives to explore; what criteria to use to evaluate alternatives; the relative importance of these decision criteria; and the method of decision making – democratic or autocratic. This is bound to create potential conflicts.

How for instance will the organization agree on allocating and prioritizing scarce resources in a budget? How will the organization function effectively and productively if there is not any sense of understanding of both shared and unshared values?

Extending the discourse further, what lessons can we learn from Arthur Andersen, Worldcom, and Enron - some of the oldest, popular, hitherto well-run organisations, with perceived established corporate identity, and strong performance? What led to the collapse of these organisations? Can we find explanations in the absence of appropriate corporate values, or were the conflicting personal values of the executives left unmanaged? Could the strategic orientation of these organisations have encouraged personal or corporate greed? In a nutshell, why do managers/ executives do what they do? How do their personal backgrounds determine the strategic leaning of their organisations? Can a relationship be established between strategic orientation and performance?

LITERATURE REVIEW

Personal Values

Values can be described as a core set of beliefs and principles viewed as desirable by various groups. At the individual level, it is the worth or importance attached to different factors in one's life. Values are formed in early childhood, influenced strongly by values of the parents, teachers, other significant persons, and the environment. Subsequently at adulthood, values are nurtured by particular individuality, and times – represented by contact with religion, politics, socio-cultural factors, and exposure to education, media etc.

According to Lamberton and Minor (2010), Value systems are frameworks people use to develop beliefs about themselves, others, and how they should be treated. It can be viewed from different perspectives namely: pragmatism (i.e. practicality of an action), humanism (worth and dignity of all people), and idealism (importance of ideas and thoughts). Values are abstract ideals that help differentiate between the 'good' and 'bad', 'desirable or undesirable', and have existence independent of any object and situation (Rokeach, 1973). According to Katz and Kahn (1966), a broad definition of values refers to it as generalized judgements that define: (i) what behaviour and belief are right and proper; and (ii) provide an underlying continuity to behaviour and belief. It is 'internally consistent constellation of individual judgements' (Nightingale and Toulouse, 1977). The concept of value was further elaborated by Schwartz and Bilsky (1987, 1990) as incorporating five distinct features:

Values (i) are concepts and beliefs, (ii) pertain to desirable end states or behaviours, (iii) transcend specific situations, (iv) guide selection or evaluation of behaviour and events, and (v) are ordered by relative importance. Values determine our ideologies, goals, attitudes, actions, choices and decisions we take (Schwartz, 1992, p. 4.). Values are rooted in strongly held beliefs (Vinson et al., 1977). Values, thus, can be understood as socially and personally shared ideas that represent the intrinsic belief about what is good, righteous and desirable. Values create expectations about how individuals should behave (Rokeach, 1973; Suar and Khuntia, 2010). People who differ in their beliefs and attitudes, their values or what is personally important to them differ accordingly. Thus, values and beliefs define one's locus of control, cognitive style, need for achievement, motivation, risk propensity, dogmatism, introversion or extroversion or tolerance for ambiguity (Bamberger, 1986). Values, to an individual, are social principles and standards that have intrinsic worth (Hatch and Cunliffe, 2006) and serve as guiding principles in one's life (Kluckhohn, 1951; Rokeach, 1973; Schwartz, 1994).

In an organizational context, values refer to the beliefs and ideas about the standard of behaviour expected from the organizational members (Hill and Jones, 2001). The fit or the similarity between the individual's personal value and the

organizational values is referred as value congruence (Lamm et al., 2010). Studies indicate that values of the organizational members tend to become congruent with values being practised in their immediate work environment (Adkins et al., 1994; Holland, 1996; Posner, 1992). Thus, employees of an organization having ethical culture, coupled with formal systems supporting such a culture, are expected to be ethical (Trevino et al., 2006), provided the organizational values are just not mere platitudes. The values of leaders, particularly Chief Executive Officers (CEOs), significantly impact employees. This is more so in the local context where SMEs are managed by a domineering owner, with little or no structure in place. The transformational behaviour among employees gets diminished when the CEO practises self-enhancement values that focus on own happiness, while it gets enhanced when the CEO practises self-transcendent values which focus on others' happiness (Fu et al., 2010). Researchers differ in their perspective to explain employee behaviour in terms of individual or organizational characteristic. The 'situationalists' maintain that people behave in a manner best suited to their situation and hence, a particular situation can best predict behaviours (Chatman, 1989; Davis-Blake & Pfeffer, 1989). The 'personalogists' believe that the core characteristics of an individual such as his personality traits, values and beliefs impact his attitude and behaviour in a consistent manner, irrespective of the situations and at different occasions (Staw et al., 1986; Weiss and Adler, 1984), and hence, behaviour can be best predicted by measuring values. This debate has led to the concept of value congruence, which contends that individual behaviours within organization are a result of intricate interactions and subsequent fit between the organizational and personal characteristics (Chatman, 1991; House et al., 1996). This congruency, at times, may be a forced one. On several occasions, individuals may suppress their individual value and demonstrate values congruent to the organizational context or the situation (Hewlin, 2003), which may however be a temporary reprieve as there is the possibility of a boil-over at the easiest opportunity. It may be due to the top management influence, peer pressure or simply, in order to gain acceptance in the organization as a member and approval of others (Leary et al., 2003). Thus, one's practised value may not always necessarily be one's actual value, which raises a question mark over attempting an explanation of why people do what they do.

Value Orientation

Nightingale and Toulouse (1977) conceptualized the theory of congruence by integrating five core concepts, namely, environment, managerial values, structures, processes and organization reaction or adjustment strategies to explain performance in complex organizations. In the open-system framework, these concepts are mutually interdependent and must be congruent for the organization to be effective. Herein, managerial values are very important as it suggests that the strategic moves of the managers are based on their personal preferences. The theory highlights interdependence of managerial values, especially of those who are at the position of authority, with environmental factors and structure, thus emphasizing the relevance of personal values in determining managerial decisions and actions. It also indicates that the structure and strategy of the organizations is influenced by the managerial values, thereby impacting the organizational performance (Hatton and Raymond, 1994; Miller and Friesen, 1978). However, Ling et al. (2007) state that though the impact of values on strategy and structure is supported by evidence, its impact on ultimate firm performance still needs to be empirically ascertained. Several researches have attempted to study the relationship among personal values and organizational performance; however, the focus seems to have shifted on the leader rather than the personal value (Miller and Friesen, 1982; Miller and Toulouse, 1986). Personality and personal values are different concepts. By definition, values refer to 'principles for ordering consequences or alternatives according to preferences' (Hambrick and Brandon, 1988). Personality refers to constant patterns in individual behaviour. Available literature also indicates that the personality of the owner or the CEO, particularly their values and goals, have direct impact on their business goals (Bamberger, 1983; O'Farrell and Hitchins, 1988), the strategies they adopt and the business performance

(Thompson and Strickland, 1986). Early work in the area indicates that CEO personality will be most closely related to strategy and structure in organizations that are small (Miller et al., 1982) and have power centralized (Kets de Vries and Miller, 1984), which is a common feature of most Small and Medium Scale Enterprises (SMEs) in Nigeria.

Values and Organizational Culture

An individual develops his sets of values based on the combination of his life experiences, background and based on his own sense of self (Allport et al., 1960). In an organization, values get shared through ‘socialization, internalization or identification coordinates and stabilizes behaviours in social systems’ (Bamberger, 1986). These values then reflect as an integral part of that organizational culture. Culture impacts strategy implementation in several ways and thereby the overall performance of the organization (Odom et al., 1990). While the values influence organization culture and the strategy, strategic behaviour can also impact values. A certain type of strategy or an environmental condition may require the managers to frame their values as it would require alignment of the managers’ personality to the demands of the context in which they work (Gupta, 1984; Miller et al, 1982). When there is value congruence, the employee tends to be a good fit and give his best to the organization (Zhang et al., 2008). Referring to conflict, McMurry (1963) stated that conflicts are fundamentally differences in the values. Organizational culture further impacts the behaviour and performance of the organization (Wilkins and Ouchi, 1983), where there is no disconnect between the organization climate and culture.

Moral Development Theory

Kohlberg (1970) in his theory on stages of moral development shows how decisions are made and the dilemma faced by human beings. The theory holds that moral reasoning, the basis for ethical behavior, has six identifiable developmental stages, each more adequate at responding to moral dilemmas than its predecessor. The six stages are grouped into three levels: pre-conventional morality (driven by obedience and punishment; self-interest; good intentions as determined by social consensus; authority and social order obedience), conventional morality (driven by authority and social order obedience); and post-conventional morality (driven by social contract; and universal ethical principles). The theory reiterates the tricky nature of personal values with the Heinz dilemma - Heinz Steals the Drug in Europe narrative. This helps to provide some form of explanation on why actions of managers/executives may appear ambivalent, as there is a constant struggle to place one’s personal values within the context of a decision-making process.

Value Theory

Schwartz (1992, 2006) in his Value theory identifies ten motivationally distinct types of values and specifies the dynamic relations among them. The ten values (later expanded to nineteen) are: self-direction, stimulation, hedonism, achievement, power, security, conformity, tradition, benevolence, and universalism. At a more basic level, values form a continuum of related motivations. This continuum gives rise to the circular structure. Some values conflict with one another (e.g. benevolence and power), whereas others are compatible (e.g. conformity and security). The closer any two values in either direction around the circle, the more similar their underlying motivations; the more distant, the more antagonistic their motivations.

The Schwartz Value theory has been tested by different scholars across multiple countries, and accepted as the most fully elaborated, empirically grounded, and widely used theory of basic values. “Research with the instruments has supported the theory in a wide variety of samples from more than 75 countries, demonstrating that the theory holds near-universally and is not instrument-dependent. Although all 10 values were not discriminated in every study with all instruments, evidence for the circular structure of value relations was extremely strong” (Cieciuch et al 2013), nevertheless no literature provides evidence of the application of this theory to Nigerian firms.

Value System

Spranger (1928) defined six (6) types of people based on their types of value systems. These are: (i). Theoretical person- is primarily interested in the discovery of truth, in the systematic ordering of his knowledge. ii. Economic person -is primarily oriented toward what is useful. He is interested in the practical affairs of the business world; in the production, marketing, and consumption of goods; in the use of economic resources; and in the accumulation of tangible wealth. iii. Aesthetic person - finds his chief interest in the artistic aspects of life, although he need not be a creative artist. He values form and harmony. He views experience in terms of grace, symmetry, or harmony. Each single event is savored for its own sake. iv. Social person - values people as ends, and tends to be kind, sympathetic, and unselfish. He finds those who have strong theoretical, economic, and aesthetic orientations rather cold. Unlike the political type, the social man regards love as the most important component of human relationships. In its purest form the social orientation is selfless and approaches the religious attitude. v. Political person - man is characteristically oriented toward power, not necessarily in politics, but in whatever area he functions. This drives them to seek personal power, influence, and recognition. vi. Religious person - is one whose mental structure is permanently directed to the creation of the highest and absolutely satisfying value experience. The dominant value for him is unity. He seeks to relate himself to the universe in a meaningful way and has a mystical orientation.

This theory has been adopted in previous research (Abiodun, 2009, Fapohunda 2012), both with findings supporting the relationship between values and corporate strategies. The major limitation to the Spranger’s theory however is that managers or executives exhibit not only one of the value-system, but a multiple. The implication of this is the inexactness of the value system in predicting or analyzing behaviours of managers.

Proposition 1: A study of personal values is complex to be explained through only one theory. A framework of theories is required to explain why people behave the way they do.

Proposition 2: A manager/executive may manifest a dominant value system in one situation, but a different value system in another setting.

Corporate Strategy Orientation

The term strategy has broad interpretation – ranging from game theorists who see it as concrete actions or rules for choosing actions in a conflict situation; to those who view it as high level, long term planning or mission; and loosely as any decision that is important. Strategy is the determination of the long-term goals and objectives of an enterprise and the adoption of the courses of action and the allocation of resources necessary for carrying out these goals. Strategy is management’s game plan for strengthening the organization’s position, pleasing customers, and achieving performance targets. Strategy can be formulated on three different levels: Corporate level, business unit level; and functional or departmental level. It can also be viewed as a plan, ploy, pattern, position, and a perspective. (Rumelt 1974) views strategy as the relationship between a whole organization and its external environment. Fapohunda (2012) views it as “an explicit and shared set of goals and policies defining what the company should achieve and become in the future, and how it must operate in order to reach its goals”.

The process of crafting corporate strategy in an organization is relevant to how much personal value of executives/managers will influence the chosen outcomes. Corporate strategy is crafted through four approaches (Thompson and Strickland, 2001: pp 23-26): The chief architect approach, -in which “a single person (owner or CEO) assumes the role of chief strategist and chief entrepreneur, singlehandedly shaping most of all the ideas underlying the resulting strategy”; the delegation approach involves the delegation of a large part of the strategy making task to trusted

subordinates, down the line managers, high-level task force, work teams etc.; the collaborator approach involves a consensus approach requiring the joint work of the strategy manager, key peers and subordinates; and the corporate intrapreneur approach - adopted by top management to encourage individuals (with talents and energies of promising corporate intrapreneurs) and teams to develop and champion proposals for new product lines and new business ventures.

Theories on strategic orientation include the contrasting work of Venkatraman (1989) on strategic orientation of business enterprises (STROBE), and Miles and Snow (1978). Venkatraman identifies six (6) behaviours of organisations typifying their orientation: Aggressive – these are organisations with focus on improving market position faster than competitors; Defensive – organisations focus on the preservation of the company's product, market and technologies; Analysis – organisations with focus on searching deep for the roots of the problems to generate best possible solution; Proactive – organisations with focus on new opportunities search, product innovation, pioneer product market entry; Futurity – organisations with focus on long term rather than short term considerations; and Riskiness – which captures the extent of riskiness of the firm. This is reflected in its choice and criteria over resource allocation decisions and the general pattern of decision making. Firms characterized with high risk strategies may be trading-off with lower profits than expected.

Miles and Snow (1978) opine that organization strategies evolve from responses to 3 major issues: entrepreneurial, operational, and administrative problems. Organisations tend to develop similar solutions; hence Miles and Snow develop a typology of four strategic types of organisations: Prospector, defender, analyser, and reactor organisations.

Prospector organizations focus on innovation and explore new markets and services; they solve administrative problem by being decentralized, employing generalists (not specialists), having few levels of management, and encouraging collaboration among different departments and units. Defender organizations take a conservative view of new product development. They tend to compete on price and quality rather than on new products or markets. They stick to their core business with a focus on improving efficiency. Further work by Walker and Ruekert (1987) as cited in Andrews et al (2008) distinguish defender organisations into two categories – low cost defenders, and differentiated defenders. Other features of the defender organization include: functioning best in stable environments, through cost leadership. They adopt centralization, formal procedures, and discrete functions; and rely on long-term planning to adapt to their environment. Analyzer organizations represent a middle-of-the road approach between prospector and defender organisations. They are characterized by balance—a balance between defender and prospector organizations. Reactor organizations do not have a systematic strategy, design, or structure. They are not prepared for changes they face in their business environments. Their new product or service development fluctuates in response to the way their managers perceive their environment. Reactor organizations do not make long-term plans, because they see the environment as changing too quickly for them to be of any use, and they possess unclear chains of command. Miles and Snow (1978) argue that companies develop their adaptive strategies based on their perception of their environments. Because of their adaptive strategies, prospector organizations are the most adaptive type of company. In contrast, reactor organizations are the least adaptive type. The other two types fall in between these extremes: analyzers are the second most adaptive organizations, followed by defenders.

The analysis above does not rate one strategy as superior to the other. The effectiveness of the strategy adopted by an organization is measured by factors such as industry, life-cycle stage, business structure etc. For instance, having a less adaptive strategy may be beneficial in some environments, such as highly regulated industries.

On the other hand, prospector organizations clearly have an advantage over the other types of organizations in business environments with a fair amount of flux. Companies operating in mature markets in particular benefit from

introducing new products or services and innovations to continue expanding. As Miles and Snow (1978) note, no single strategic orientation is the best. Each one—with the exception of the reactor organization—can position a company so that it can respond and adapt to its environment. What Miles and Snow argue determines the success of a company ultimately is not a particular strategic orientation, but simply establishing and maintaining a systematic strategy that takes into account a company's environment, technology, and structure.

Conant et al (1990) criticize the research that assumes organisations have only a single strategic stance i.e. one of the aforementioned four categories. DeSarbo et al (2005) found evidence of hybrid strategic stances, suggesting that strategic choice is "messy and complex rather than neat and simple" Andrews et al (2008).

Proposition 3: Strategic orientation requires moderating effect to successfully explain a business performance.

PERSONAL VALUES AND CORPORATE STRATEGY ORIENTATION

Businesses are set-up for profit, and strategies are therefore aimed at achieving the broad goal of value creation. Decisions made by managers/executives tend to affect a consideration of economic value, social value or the environmental value (more appropriately, sustainability). The role of personal values in the decision-making process is to be able to strike a good balance within the contending values.

Marcus et al. (2015), in their work on personal values and sustainable action categorise values into three major areas: **Economic Values-** these values give pre-eminence to profit maximization and shareholder value creation as the desired end goal (Jensen 2002). Financial outcomes and indicators hold primacy within economic and management theory, exemplified in the prominent agency perspective which sees acting in ones' rational self-interest as the behavioural means to achieving superior financial ends (Freeman 1999; Jensen and Meckling 1976). As such, economic values are primarily self-oriented rather than other-oriented. In sum, economic values relate to financial objectives and the use of rational and quantifiable means to their attainment.

Social Values: The dominant concern underlying social values is with the well-being of people both individually and collectively. They are predominantly altruistic or other-oriented in nature. At their most basic level, social values relate to the sanctity of human life and the meeting of human needs, such as those for existence (Alderfer 1972). The means to achieving social well-being include acting ethically and morally, with respect of all persons, especially the least advantaged, and protecting and advancing basic human rights (Reichert 2011). These values are consistent with a stakeholder view that sees all stakeholders as having intrinsic moral worth (Donaldson and Preston 1995). Individuals with strong social values are oriented towards maintaining positive social relations and improving human well-being.

Environmental Values: Environmental values have an externally directed focus. The primary objective underlying environmental values, is to maintain the integrity of the earth's biophysical systems. The means to achieving environmental integrity include minimizing environmental impacts, and reducing resource consumption and waste (Gibson 2001).

It should be noted however that though conceptually distinct, economic, social and environmental values are not mutually exclusive (Stern et al. 1993). Managers/executives are capable of pursing multiple objectives simultaneously, and may have concurrent enduring beliefs regarding the desirability of financial outcomes, human well-being and environmental integrity. It is possible for managers to have a relatively balanced values profile across the three domains. Balanced values, therefore, can be defined as the "enduring belief that economic, social and environmental objectives are mutually desirable and interrelated" (Marcus et al., 2015).

Proposition 4: Organisations that emphasise balanced values achieve congruence and unity of direction in strategic orientation, leading to good performance.

Proposition 5: Organisational values and personal values need to be closely aligned to extract commitment from managers/executives, therefore, organisations that spend significant time creating alignment will develop values needed to support the key strategic goals and vision of the organization.

A further analysis of the nexus between personal values and corporate strategy orientation was established in Hambrick and Mason (1984) through the Upper Echelon Theory, which posits that personal values act as a perceptual filter for how leaders perceive the external environment and shape strategic choice, behavior, and ultimately organizational performance, thus managers take a particular choice of action because of the forces that drive their behaviours. “Although there are universally held values, an individual, and in the aggregate, groups, will espouse a dominant set of values. At the top of each person’s system are a small handful of dominant values of paramount importance” (Hambrick and Brandon, 1988, pp 6). Therefore, a dominant value system exists for each person that is more important to understand than single values.

Personal values come to bear where there is a divergence in opinion of business managers formulating the organisation’s strategies, in which case each executive will tend to behave in accordance with his own concept and, in turn, his own values. Depending on the degree or significance of the divergent opinions, conflict and disorganization in the company’s operations may result without being able to identify the source of the difficulty.

Rokeach (1973) posits that values are hierarchically ordered into relatively enduring value systems. Thus, individuals can vary with regards to the values they hold most strongly, and vis-à-vis other values.

The pursuit of profit through rational and calculative means is central to economic values. Strong form economic values imply a singular focus on financial outcomes and indicators of corporate performance (Jensen 2002). “If one believes that only the numbers count, there is little reason to consider organizational impacts that are non-quantifiable … therefore, individuals with strong economic values may show minimal concern for the social or environmental consequences of the organisation’s activities” (Marcus et al., 2015). According to strong economic reasoning, there is no justification for engaging in actions that do not have clear economic payoffs (Siegel 2009). Because the links between social and environmental issues and financial performance are often unclear, managers may fail to take remedial action even when negative societal impacts are quite obvious.

There is a plethora of organisations who have exhibited all sorts of unethical behavior in the pursuit of targets, such as misleading clients, scamming investors, and maltreating other stakeholders. For example, the extensive cases of corporate accounting fraud witnessed in the early 2000s (e.g., Enron, Andersen, WorldCom, etc.) readily demonstrate the lengths that some individuals will go to maintain the illusion of profit in the face of massive financial losses, and the grave societal implications of those actions. The relationship between strong individual profit motives and financially questionable actions may explain the turmoil recently explained in the global financial market (Marcus et al., 2015).

STRATEGIC ORIENTATION AND PERFORMANCE

The relationship between strategic orientation and performance has been an important topic in management studies (Chan, Huff, Barclay, & Copeland, 1997), yet there is no consensus on the conceptualization and measurement of strategic leanings. It is suggested that executives’ value system influences the structure and strategy of an organization, therefore organizational leaders are expected to have individual impact on firms’ performance (Miller and Friesen, 1982;

Hatton and Raymond, 1994). Miles and Snow's (1978) holistic approach proposes a four-archetype typology which includes both product-market and structure-process components as a multidimensional construct that includes customers, competitors, technology, and products (Voss & Voss, 2000), but it ignores the internal behaviors of the firms.

In contrast to the afore-mentioned studies that focus on the external market, others focus on the processes (Mintzberg, 1990), the content that examines the properties of the strategy (Veliyath & Shortell, 1993), or the conditions under which strategies emanate (Hartman, Lundberg, White, & Barnett, 1995). Such perspectives incorporate both internal and external factors.

Venkatraman's (1989) approach, which evaluates strategies by dimensions that are common to all firms, varies from the previously mentioned perspectives (Morgan & Strong, 2003). According to Venkatraman (1989), the strategic orientation of business enterprises (STROBE) dimensions examine realized strategy, with respect to competitors, that reflect the pattern of critical decisions made by firms. This approach overcomes empirical limitations of other typologies of strategic orientation in that "strategic orientation is viewed not across strict strategy classifications but, alternatively, along specific dimensions (Morgan & Strong, 2003, p.165)."

The Miles and Snow (1978) strategic management theory is however acclaimed due to its "parsimony, industry-independence and correspondence to real-world situations" Andrews et al (2008).

CONFLICT OF VALUES

Pondy (1967) identifies 5 stages of conflict episodes: latent, perceived, felt, manifest, and aftermath. Of importance to this study is the latent conflict. There are three basic types – competition for scarce resources, drives for autonomy, and divergence of sub-unit goals. When organisations are faced with strategic decision making, each executive comes to the table with their feelings about: the goal or problem; what alternatives to explore; what criteria to use to evaluate alternatives; the relative importance of these decision criteria; and the method of decision making – democratic or autocratic. This is bound to create potential conflicts. How for instance will the organization agree on allocating and prioritizing scarce resources in a budget? How will the organization function effectively and productively if there is not any sense of understanding of both shared and unshared values?

To build a shared sense of understanding, trust, and candour, the organization must first invest the time to explore the values that are important and meaningful to its members, not just relying on the explicit values of the organization. This can be achieved through regular, continued exchange of ideas that explores, uncovers, and articulates members' values. It is at this point that the organisation can begin to sort out areas of common shared values and areas of unique, unshared values. Organisations will never be composed of members with exactly the same set of values, otherwise there won't be any differences or constructive conflict on the team, and the team is likely to suffer from groupthink that results in strategic decision making. On the other hand, a team comprised of members with unique and possibly opposing personal values will likely suffer from constant combative dialog because no common ground can be achieved. Therefore, a well-functioning team needs some balance of common shared values, and distinctive individual values. At the same time that personal values serve as the basic ends or goals toward which an executive would like to see company activity directed, they also affect his decisions concerning implementing policies. If, for example, the dominant value of an individual executive is economic and he faces two new product alternatives promising to yield equal degrees of growth, he may choose one course over the other because it is more consistent with his other values (Guth and Tagiuri, 1965).

RESOLVING CONFLICT OF VALUES- GROUP DYNAMICS THEORY

Tuckman (1965) proposed the four-stage model called Tuckman's Stages for a group. Tuckman's model states that the ideal group decision-making process should occur in four stages (he later added the fifth stage for the dissolution of a group called adjourning). The theory tells us that teams move through several distinct stages, which can be likened to the cycled involved in a company’s strategy formulation process. One of the forces that drives this cycle revolves around articulation (or lack) of values.

In the **Forming** stage, members suppress their personal values that influence their interaction and participation. In the **Storming** stage, the team undergoes conflict. Members don’t understand ‘motives’ or where the other person is coming from because they haven’t sufficiently explored each other’s personal values. In the **Norming** stage, the team begins to explore, uncover and articulate each member’s personal values. While there will not be complete alignment, members will share common values and have a better understanding of their teammates based on their understanding of their unique values. In the **Performing** stage, the team can function at a high level of productivity because members are free to express their thoughts, and know other members understand how each member’s values influences their thoughts arguments and positions on the matters. In the **Adjourning** stage, it is clear to members and their organization that the team has achieved its goals. The group dynamic theory therefore provides a mechanism for integrating divergent personal values of top-management team (TMT) in the strategy formulation process. In addition, in dealing with conflicts between personal values and the maximization of economic opportunity, managers should keep in mind that corporate strategy must ultimately inspire personal commitment or else it will not be implemented. At the same time, of course, the organisation must remain viable as an economic institution.

THE ROLE OF THE CEO

Upper Echelon theory posits that a firm’s strategic choices can be seen as a reflection of the values and thoughts of its CEO and TMT. (Hambrick & Mason, 1984). Based on bounded rationality, the theory suggests that leaders at the top of the organization interpret external pressures through a set of cognitive lenses that limit their field of vision and affect the manner in which they perceive changing environmental situations (Finkelstein et al., 2009). These filters ultimately shape how CEOs and TMTs make strategic decisions, including how they may react to changing rules of legitimate firm behaviour.

Managerial cognition thus encompasses the decision maker’s cognitive base as well as his/her values (Hambrick & Mason, 1984). One’s cognitive base includes knowledge/assumptions about future events, alternatives and the consequences of those alternatives, while one’s values are the “principles for ordering [these] consequences or alternatives according to preference” (Hambrick & Mason, 1984: 195). In all cases, however, the underlying assumption is that individuals embody a deep spectrum of values or beliefs – religious, political, philosophical, social and cultural – that can influence strategic decision making in organizational contexts as much as in personal contexts (Finkelstein et al., 2009). In Nigeria, where most Small and Medium Scale Enterprises (SMEs) are owner-managed, the pattern of leadership is more of the autocratic style, with little or no delegation.

Proposition 6: Differences in values (owner and workers) are much more visible and have more negative impact in SMEs than in bigger organisations.

CASE STUDIES

To put the various theories in context, we looked at two organisations, their values and response to competition in

their respective industry:

Company 1 – Banking Sector

A high quality financial services provider with the urge to be the best at all times whilst adding value to all stakeholders; has a team driven to deliver the utmost in customer services. An organisation synonymous with innovation, building excellence and superior financial performance; a strong CSR tradition, and creating role models for society. The bank has positive and good corporate governance. This is obvious from the bank's noticeable lack of contraventions in banking legislation, unqualified audit report, lack of non-performing insider-related credits and IFRS compliance (JPMorgan, 2008). Its strategic objectives and policies include: delivery of long-term value, providing overall strategic direction within a framework of rewards, incentives and controls; to be the third largest bank in Nigeria in term of total assets; to be the most efficient bank by cost-to-income and ROE; and to establish significant footprint in West Africa (JPMorgan, 2008; Maklan and Knox, 2009). The bank's long-term objectives span across areas such as: profitability, productivity, competitive positioning, employee relations and management, corporate social responsibility, employee relations, return on investment, technological leadership, and employee relations.

The CEO listed the factors behind the bank's success as dynamic vision, high sense of hard work, insistence on due process, governance and crave to always remain relevant to the economy, among others. In addition, he stated that employees are made to key in to the observance of due process and sound governance principles, stressing that due process was the saving grace of the bank during the stock and oil sector boom, when the temptation was rife among banks to commit all funds to that channel (Proshare, 2010).

Company 2 – Beverage Manufacturing Company

An organization set to be the leading beverage company in Nigeria, marketing high quality brands to deliver superior customer satisfaction in an environmentally friendly way, with a vision to be a world class company. The core values include: respect - for individuals, the society and the environment; performance - a culture of high performance to deliver outstanding value to stakeholders; passion for quality –in the products and also in everything we do; and enjoyment -bringing enjoyment to people through high quality products, communications and sponsorship activities.

The organization operates in an industry with intense rivalry between the duopoly in the beverage company. In response to the intense rivalry, some of the actions embarked on to retain market leadership include: mergers, acquisitions, re-segmentation of the market to cover premium, value and mainstream segmentation (in essence, covering the whole market), expansion of distribution network, key staff poaching, pirate marketing (going to major retailers across Nigeria and offering very juicy incentives for them NOT to stock display or sell the products of its competitor).

LIMITATIONS

This paper has focused on literature review, to identify relevant theories in providing explanations on relationships between personal values, strategy orientation, and performance. Further study is recommended in the following areas:

- An expansion of the test on personal values and corporate strategy to cover multiple industries.
- A test of the Schwartz Value theory to study the values of Nigerian managers/executives.
- An application of the Miles and Snow model to study the relationship between the corporate strategy and performance, with the following elements:

- Study to look at multiple industries (suggested – banking, manufacturing, retail)
- Corporate strategy/strategy orientation should be tested in isolation, rather than hybrid form.
- Controlling variables – organization size, liquidity, and ownership structure should be considered.

IMPLICATIONS AND CONCLUSIONS

The purpose of this paper is to synthesise literature explaining the role of personal values in corporate strategic orientation, which subsequently impacts organizational performance. It advances the propositions that a study of personal values is too complex to be explained through only one theory; a manager/executive may manifest a dominant value system in one situation, but a different value system in another setting; the CEO's personal value plays a significant role in fashioning out the corporate strategy; the choice of a strategic orientation alone is not sufficient to successfully explain an organisation's performance (other factors such as structures, processes, and environment need to be considered). While personal values influence corporate strategy choices, the issues involved in conflict of values disappear in many situations in which the managers are predominantly economically oriented. In such situations, choices dictated by personal values agree with choices dictated by the maximum economic opportunities which are identified.

While executives may not be able to express coherently or even be self-conscious of their values, their sensitivity is heightened when they feel the values are dishonoured and at comfort when there is a congruence. Each organization must find a way to let the executives recognize and accept that their personal values are related to their unspoken or expressed strategy choices. This helps them in a first level screening of biases. Thereafter, organisations must be able to focus on personal values as a possible explanation of differences among the concepts of corporate strategy held by various executives. This is so because executives just currently see themselves as being objective (when screened from their own personal value views) while others are not objective (for holding divergent value views), and no attempt is made to discuss the value differences among executives. To avoid, or manage conflicts, a review of the imprint of personal values on each executive's decision, may not lead to a change of others' values, but rather to clarify the nature and source of differences and disagreements. An exercise of this nature has the potential to throw up new mutually agreeable strategy alternatives (having identified similarities and differences in personal values), rather than the initial choices contributing to the conflict.

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